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Performance Bonuses Yield Little Medicare Savings

Welcome to the Health Freedom Minute. This is Twila Brase, president of Citizens’ Council for Health Freedom.

For 5 years, Medicare offered performance payments – bonuses – to 10 well-established health systems. But only 4 of the 10 groups slowed their Medicare spending enough to qualify for a bonus all five years. Three never succeeded.

These performance payments, which failed to work, are THE government’s big plan for cutting Medicare spending.

Obamacare sets up new health systems across the country and requires them to meet 64 measures of quality, twice the number required by the 10 groups in the test. In addition, if the new systems fail to meet the metrics and fail to cut costs, their pay is reduced. To generate an income, Doctors may soon be focused on meeting federal performance metrics rather than the needs of their patients.

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"Experiment to lower Medicare costs did not save much money," Amy Goldstein, The Washington Post, June 1, 2011.